S.B. McLaughlin Associates Limited

Annual Report 1974

Financial Highlights

	1974	1973
Total Assets	$226,756,000	$169,679,000
Net Earnings	2,254,000	3,224,000
Earnings per share	.78	1.22
Cash Flow from operations	5,637,000	6,861,000
Cash Flow per share	1.95	2.59
Shareholders Equity	28,947,000	26,651,000
Number of shares outstanding at year end	2,890,900	2,887,775

Contents

Our cover illustrates the growing family of project symbols now in use by S. B. McLaughlin Associates and our various joint venture partners.

Ce rapport est également disponible en francais. Pour en obtenir un exemplaire, veuillez vous adresser au:

Département des communications
S. B. McLaughlin et Associés Ltée
77 City Centre Drive
Mississauga, Ontario
L5B 1M6
(416) 270-7000

S. B. McLaughlin Associates Limited

Management Directors

*F. H. Falkiner

*D. R. Fraser

*E. A. Kirk

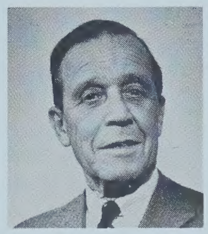
*S. B. McLaughlin

R. E. Winter
President, R. E. Winter & Associates Ltd.
Director, Nova Scotia Drydock Limited

Other Directors and their Outside Affiliations

S. F. Chapman
Director, Thomson Newspapers Ltd.
The Thomson Corp. Ltd.
Thomson Newspapers Inc.
The Woodbridge Co. Ltd.
Thomson International Corp. Ltd.
Dominion-Consolidated Holdings
Scottish and York Holdings Ltd.

J. G. Davies
Director, A. E. Ames & Co. Limited
Tohcan Limited



M. Stearns, M. B. E.
Chairman, T. A. Richardson & Co. Ltd.
Director, Numac Oil & Gas Ltd.
Vice-Chairman, Board of Trustees, Hospital for Sick Children
National Vice-Chairman, Canadian Red Cross National Society

*J. M. Tory, Q. C.
Partner, Tory, Tory, DesLauriers & Binnington
Trustee, Hospital for Sick Children
Director, Simpsons-Sears Limited
Simpsons Limited
British American Bank Note Company Limited
Laura Secord Candy Shops Limited
Canadian General-Tower Limited
Systems Dimensions Limited
Union Oil Company of Canada Limited
Sangamo Company Limited

*(Executive Committee)

Officers

J. Cottom, C.A., A.C.M.A., Treasurer
F. H. Falkiner, Vice-President and Asst.-Secretary
D. R. Fraser, B.A., LL.B., Secretary
P. R. Gareau, Vice-President
E. A. Kirk, C.A., Vice-President, Finance
S. B. McLaughlin, B.A., LL.B., President
R. E. Winter, B.A.Sc, P. Eng., Vice-President

Transfer Agents and Registrars

Canada Permanent Trust Company
The Canada Trust Company
Montreal Trust Company
National Trust Company, Limited

Auditors

Touche Ross & Co.

Listing

The Toronto Stock Exchange

Head Office

77 City Centre Drive
Mississauga, Ontario L5B 1M6
Phone: (416) 270-7000

Report of the Directors

Traditional yardsticks for judging real estate companies in terms of cash flow and earnings per share must be tempered by recognition of the appreciation of real estate asset values not converted directly into reported earnings during an accounting period.

In management's opinion, the current value of the assets of your Company, are significantly higher than book value (cost), a factor to consider when assessing financial results.

Our net earnings for 1974 were $ .78 per share for a total of $2,254,000. In 1973 we earned $1.22 a share; a total of $3,224,000.

S. B. McLaughlin Associates Limited has always contended that skills of real estate developers are applicable in other areas of business activity. The successful developer has a better than average understanding of finance, has developed sophisticated techniques for long term planning, and has a degree of flexibility to cope with the frequent and often sudden shifts in consumer demand and the policies of the various levels of government with whom we interface on an almost daily basis. While your management has never lost sight of the Company's primary identity as a fully integrated real estate company, when the opportunity has arisen, we have not shrunk from opportunities for geographic diversification or participation in other corporate ventures where management has felt its skills could be applied.

Our purchase of Red Wing Peat Corporation, a U.S.-based sphagnum peat moss producer, represented an important diversification for your Company. Our application of a revitalized management structure, improved peat extraction techniques, and more aggressive marketing have made this venture profitable for the Company. We intend to exercise our option to acquire all outstanding shareholder's interest in Red Wing Peat Corporation, which will repatriate the ownership of this company back to Canada.

With the purchase of Grouse Mountain Resorts Ltd., we entered the recreational properties business, and management is satisfied that planned additional facilities will increase ski lift capacities as well as revenues. Our original development proposal for Grouse Mountain met with opposition, and, with the escalation of costs, we have amended our plans. Our alternative development plans have been favourably received so far, and we are hopeful of obtaining approvals to proceed within the year.

We are pleased to report that our income producing properties are performing well. The considerable success of Square One, our regional shopping centre in Mississauga City Centre, in its first year of operation, is expected to be bolstered by a 246,000 square foot office building, construction of which is scheduled to commence later this year.

The marketing program for Parkway Terrace, a 352-unit condominium apartment complex in Mississauga Valleys will begin this summer. In addition, approvals have been received and construction will begin on another 672 condominium units in our Aspen project.

In order to provide a quantity of more affordable housing to the marketplace, our Company has worked closely with the municipality to accelerate processing of plans for 236 acres of Mississauga holdings called the Meadows Community. Servicing is expected to commence on the first phase later this year.

We have entered the Ottawa-Hull area with a 50% interest in Gatineau-Westgate (1974) Inc., a joint venture involving the subdivision and construction of residential communities, which is proceeding as scheduled.

Labour uncertainties notwithstanding, management expects a favourable climate for real estate development in the Province of Quebec. We are continuing to make inroads into the province in order to share in its future. We are presently constructing the world's largest Holiday Inn in Montreal, and we have assembled considerable prime downtown property in the city. In addition, we have control over substantial suburban acreage in the greater Montreal area. Whether labour problems will allow the hotel to operate during the 1976 Olympics remains to be seen, but we are confident it will become a significant part of our revenue earning portfolio in the near future.

We are awaiting more stable economic conditions before commencing construction on the proposed $100-million hotel, office and residential complex in Southfield, Michigan. We are confident our concept of a high density development, not yet prevalent in all American cities, will give us an advantage in the marketplace once the project is under way.

In recent years, a number of forces have developed in Canada which have mitigated against real estate development. It has become fashionable on the part of the so-called reform planning forces to label all development "ipso facto" bad. While your Company is prepared to stand on its record, we cannot avoid being affected by legislation that hampers intelligent planning and responsible development. Planning has become like the mythical tar baby at which each level of government has taken a swipe and to which each has found itself stuck.

The Federal disallowance of land carrying costs in calculating corporate taxes, Ontario's land transfer and land speculation taxes, coupled with the high cost of money and the overlapping and shifting of authorities dealing with the administration of planning procedures, have all made it difficult for the real estate industry to fulfill its function.

Your Company has been in the vanguard of our industry in urging real estate developers and other businessmen to drop their low profiles and assume a leadership function. We have tried to convince governments that planning should not only protect and benefit those presently

living in communities, it must also consider future populations. We have tried to demonstrate a need to prepare for the future perceptively and creatively.

As businessmen, it behooves us to strive to provide the best quality development our customers can afford, and we want to develop and market our property as quickly as we are able. We are prepared to co-operate with governments; we accept reasonable controls; but the working rules must be stated in advance and not changed at frequent intervals.

Your management plans to continue a policy of initiating and participating in joint ventures with both financial institutions and other entrepreneurs as a means of improving cash flow. We are a capital intensive industry, and though we are sharing our corporate profits with those who work with us, our partners' consequent vital interest in our joint venture projects ensures superior results. Additionally, the joint venture technique permits your Company to increase the velocity of development and prevents our land from sitting fallow, once ready for development and construction.

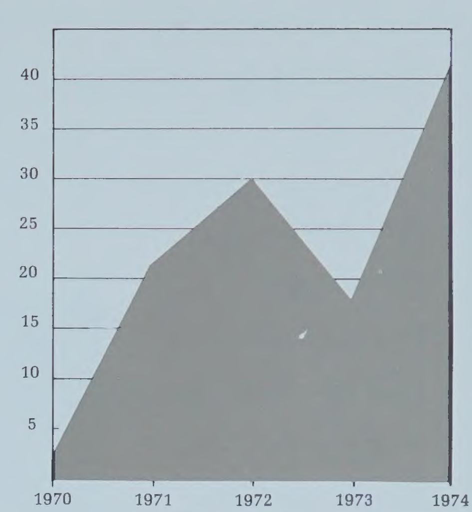
We regret the resignation of Mr. Ronald Gunn from the Board of Directors and will miss his energetic efforts on behalf of our Company. At the same time, we are pleased to welcome Mr. James Davies as a new director who brings to the position over five years of experience associated with our Company, and a wealth of business acumen.

On behalf of the Board of Directors I would like to thank all members of the Company for their labours and support in the year past, and I look forward to an even more rewarding period ahead.

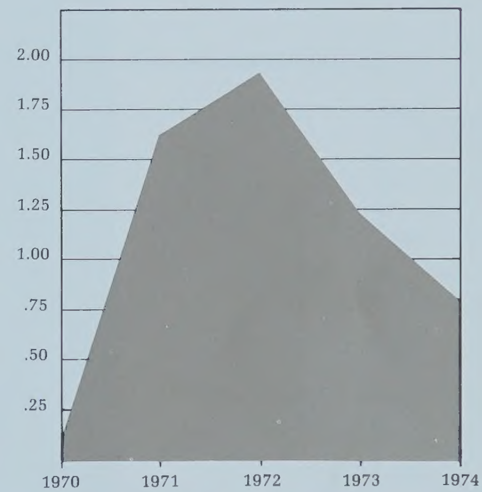
I hope the main thrust of my report is clear. Our Company is in the service industry and the manufacturing business. Our industry has experienced a period during which it was challenged as to its motives, the quality of its product, and its sincerity. But the cycle has changed and developers are increasingly being recognized as an important and integral fibre in the fabric of Canadian social and economic development. It is a role we cherish for we are proud to be developers. We are confident that our efforts will be repaid over the next five years, benefitting Canadian society, our shareholders, and your Company's enterprise.

On behalf of the board,

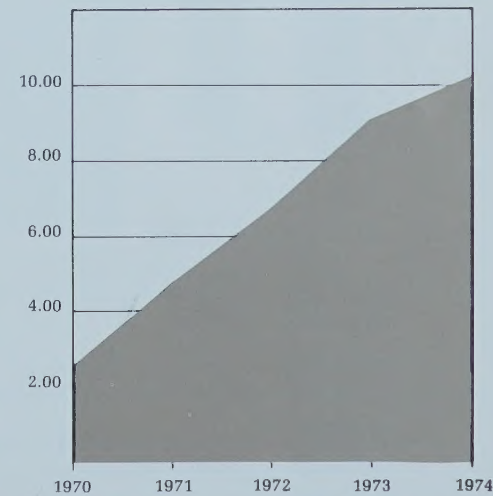
S. B. McLaughlin
President
April 1, 1975



GROSS INCOME
IN MILLIONS OF DOLLARS



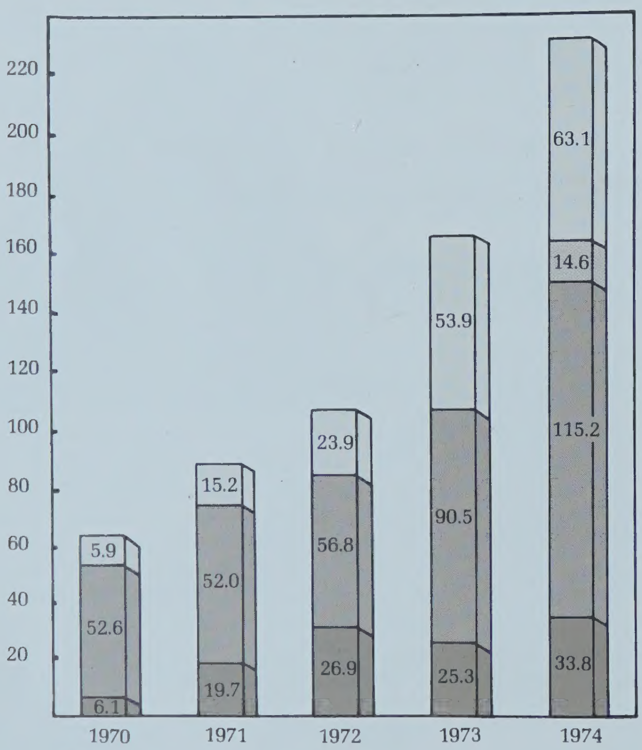
EARNINGS PER SHARE
IN DOLLARS



SHAREHOLDERS' EQUITY PER SHARE
IN DOLLARS

Five Year Review

	1970	1971	1972	1973	1974
Total Assets	$64,624,000	$87,007,000	$107,610,000	$169,679,000	$226,756,000
Net Earnings	212,000	3,976,000	4,864,000	3,224,000	2,254,000
Earnings Per Share	.10	1.64	1.93	1.22	.78
Cash Flow from Operations	554,000	7,661,000	9,589,000	6,861,000	5,637,000
Cash Flow Per Share	.25	3.08	3.78	2.59	1.95
Shareholders Equity	5,643,000	11,544,000	17,574,000	26,651,000	28,947,000
Number of Shares Outstanding at Year End	2,213,000	2,488,000	2,558,693	2,887,775	2,890,900



Assets

In millions of dollars

Income Properties—Commercial and Residential Buildings

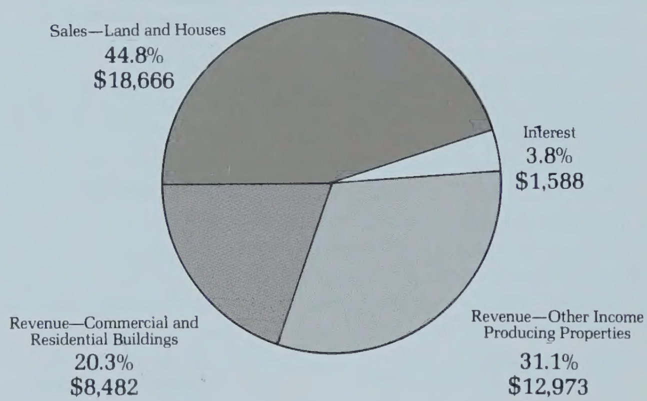
Income Properties—Other Income Producing Properties

Land and Residential Properties Under Construction

Other

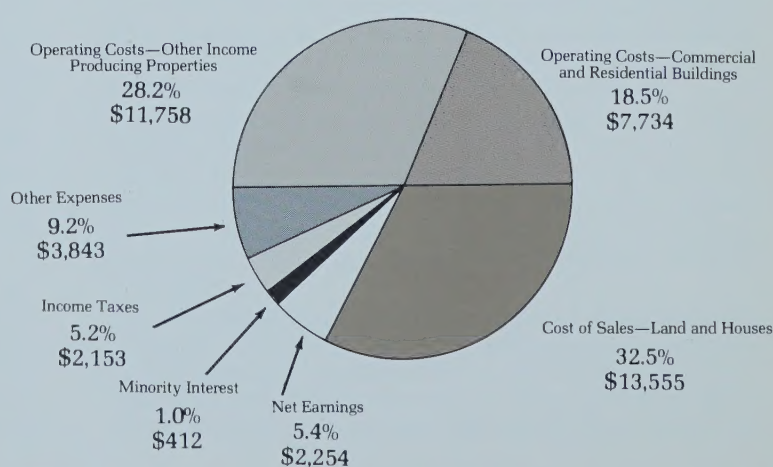
Sources of Income

(Total Income $41,709)
In thousands of dollars



Distribution of Income

(total $41,709)
In thousands of dollars



Financial Information for the Year 1974

S. B. McLaughlin Associates Limited and Subsidiary Companies

Balance Sheet

For the year ended December 31

	Note	1974 ($000's)	1973 ($000's)
Assets			
Income properties			
Commercial and residential buildings	3	$ 63,138	$ 53,854
Other income producing properties	3	14,611	—
		77,749	53,854
Land			
Under development		13,119	15,597
Held for development		90,487	71,373
Residential properties under construction		11,590	3,494
Accounts and mortgages receivable	5	28,394	23,486
Inventory	6	2,401	—
Other assets		3,016	1,875
		$226,756	$169,679
Liabilities			
Mortgages payable and other term loans	7	$121,394	$ 86,462
Funded debt	8	17,800	17,801
Bank indebtedness	9	23,253	10,553
Accounts payable		11,764	10,457
Costs to complete subdivision servicing		2,231	3,548
		176,442	128,821
Minority interest in subsidiaries	2	4,403	82
Deferred income taxes		16,964	14,125
Shareholders' equity			
Capital stock			
Authorized—5,000,000 common shares without par value			
Issued —2,890,900 common shares (1973—2,887,775)	10	12,634	12,592
Retained earnings		16,313	14,059
		28,947	26,651
		$226,756	$169,679

On behalf on the Board

S B McLaughlin Director

E A Kirk Director

Statement of Earnings and Retained Earnings

For the Year ended December 31

	Note	1974 ($000's)	1973 ($000's)
Income			
Sales—land and houses	4	$18,666	$14,602
Revenue			
Commercial and residential buildings		8,482	2,480
Other income producing properties		12,973	—
Interest		1,588	690
		41,709	17,772
Expenses			
Cost of sales—land and houses		13,555	7,146
Operating costs			
Commercial and residential buildings	14	7,734	2,509
Other income producing properties	14	11,758	—
Interest		1,443	597
Administrative and general		1,261	740
Depreciation		1,139	192
		36,890	11,184
Earnings from operations		4,819	6,588
Income taxes		2,153	3,364
Net earnings		2,666	3,224
Minority interest		412	—
Net earnings after minority interest*		2,254	3,224
Retained earnings—beginning of year		14,059	10,835
Retained earnings—end of year		$16,313	$14,059
*Net earnings per share	14	$0.78	$1.22
*Fully diluted earnings per share	14	$0.77	$1.14

Statement of Changes in Financial Position

For the year ended December 31

	Note	1974 ($000's)	1973 ($000's)
Source			
Cash flow from operations*		$ 5,637	$ 6,861
On issue of shares	10	42	5,852
Term borrowings		32,124	43,958
Increase in bank indebtedness		11,656	6,254
		$49,459	$62,925
Use			
Increase in			
Investment in income properties, land and residential properties under construction		$35,902	$60,142
Accounts and mortgages receivable		2,070	2,047
Decrease in			
Accounts payable		518	(2,504)
Cost to complete subdivision servicing		1,317	2,422
Net assets of subsidiaries acquired	11	8,258	—
Other changes in assets and liabilities		1,394	818
		$49,459	$62,925
***Cash flow from operations**			
Net earnings		$ 2,666	$ 3,224
Deferred income taxes		1,777	3,364
Depreciation and amortization		1,194	273
		$ 5,637	$ 6,861

Notes to Financial Statements
December 31, 1974

1. Accounting policies

a) General

The company is a member of the Canadian Institute of Public Real Estate Companies. The accounting policies followed and financial information disclosure are substantially in accordance with the recommendations of that Institute.

b) Income properties

These are stated at cost, less accumulated depreciation. Cost includes an applicable portion of interest, real estate taxes and administrative costs during the construction period, initial leasing costs and start-up costs (net of rental income) up to the point in time when substantial occupancy has been achieved.

c) Land under development and land held for development

These are stated at the lower of cost and net realizable value. Cost includes an applicable portion of interest, real estate taxes and administrative costs, and is net of miscellaneous revenues from vacant land. In addition, land under development includes the total estimated cost of servicing for which the company is contractually committed under letters of credit issued to municipal authorities.

d) Income recognition

i) Land sales

Sales are recorded when the company has fulfilled all conditions required of it to consummate the sale.

ii) Housing sales

Detached and semi-detached units

Sales are recorded when title passes to purchaser.

Condominium units

Sales are recorded at the date of first closing, when the purchaser is entitled to possession, has undertaken to assume the mortgage, and has deposited the balance of the purchase price in escrow

iii) Revenue from commercial and residential buildings

Revenue is treated as operating income from the date when substantial occupany has been achieved.

e) Depreciation and amortization

Depreciation and amortization is provided on the basis of:

i) Income properties

a) Sinking fund at 5% over the following periods:

Shopping centre properties .... 30 years
Other commercial and residential properties .... 40 years

b) Straight line basis at rates from 5 to 33-1/3% in respect of other income producing properties

ii) Financing costs

Straight-line basis over the term of the related financing (or earlier redemption).

2. Principles of consolidation

The financial statements include the accounts of the company and all its subsidiaries, and the company's proportionate share of the assets, liabilities, revenue and expenses of incorporated and unincorporated joint ventures.

All subsidiaries acquired have been treated as purchases, and assets and liabilities have been included on the basis of assigned values at acquisition date. Accordingly, in respect of those not wholly-owned, the resulting minority interests include a proportion of those assigned values.

Revenues and expenses of subsidiaries acquired during the year have been reflected in the statement of earnings from the dates of acquisition.

3. Income properties

	Commercial and Residential Buildings	Other Income Producing Properties	1974 Total	1973 Total
	($000's)	($000's)	($000's)	($000's)
Buildings and equipment	$50,632	$14,192	$64,824	$42,123
Less accumulated depreciation	692	452	1,144	225
	49,940	13,740	63,680	41,898
Land	1,868	871	2,739	1,324
Construction in progress	11,330	—	11,330	10,632
	$63,138	$14,611	$77,749	$53,854

4. Joint ventures

a) The company's shares of assets and liabilities of joint ventures included on a line by line basis in these financial statements is:

	1974	1973
	($000's)	($000's)
Land held for development	$ 8,001	$ 7,565
Land under development	11,711	1,909
Residential properties under construction	5,388	637
Other	1,495	658
	26,595	10,769
Liabilities	14,938	3,651
Equity	$11,657	$ 7,118

b) The company's share of gross operating revenue from joint ventures included in these financial statements is $5,458,000 (1973—Nil) of which $5,123,000 relates to sales of land and houses. Net earnings are $454,000 (1973—Nil).

c) In 1973 the company's investment in joint ventures was included in the balance sheet on a one line equity basis. The revised presentation adopted in 1974 has no effect on net earnings or cash flow from operations. The accounts for 1973 have been reclassified to reflect this change.

5. Accounts and mortgages receivable

Apart from current (trade) receivables, these are substantially all receivable under mortgage and land sale agreements, carrying an average interest rate of 7.46% and mature as follows:

	$000's
1975	$ 1,477
1976	1,232
1977	1,048
1978	13,723
1979	2,056
1980 and thereafter	89
	19,625
Current (trade) receivables	8,769
	$28,394

6. Inventory

Peat operations' inventory is stated at the lower of cost and net realizable value.

7. Mortgages payable and other term loans

These are secured on specific assets and bear an average interest rate of 9.65%. Repayment dates by relevant asset security classification are as follows:

	Income Properties	Land Under Development and Residential Properties Under Construction	Land Held For Development	Other Assets	Total
	($000's)	($000's)	($000's)	($000's)	($000's)
1975	$ 2,696	$ 599	$ 6,028	$ —	$ 9,323
1976	2,695	5,057	4,738	4,870	17,360
1977	586	25	6,505	—	7,116
1978	926	25	9,521	—	10,472
1979	5,614	—	7,347	—	12,961
1980 and thereafter	49,169	9,255	5,738	—	64,162
	$61,686	$14,961	$39,877	$4,870	$121,394

	Issued and Outstanding ($000's)
8. Funded Debt	
a) 7% Convertible Subordinated Debentures (Authorized $3,885,500) due January 15, 1989. Redeemable at company's option at a premium of 5% in 1974 decreasing to par in 1988. Convertible into common shares prior to January 15, 1979 (50 shares per $1,000 principal). Subject to annual sinking fund requirement commencing January 15, 1980.	$ 3,800
b) 9½% First Mortgage Sinking Fund Bonds (Authorized $6,000,000) due April 1, 1990, secured by a first fixed and specific mortgage on certain lands and a first floating charge on the undertaking and other assets of the company. Maturing April 1, 1975 as a result of election by holder before October 2, 1974.	4,876
Redeemable April 1, 1990 or earlier at the option of the company at a premium of 5.2% to April 1, 1976 decreasing to par 1989. Subject to annual sinking fund requirement commencing April 1, 1976 which will require payments of $56,000 in 1976 and annually thereafter.	1,124
c) 8½% Secured Debentures (Authorized $8,000,000) due April 15, 1984, secured by a fixed and specific charge on certain assets and a floating charge on the undertaking and other assets of the company ranking pari passu with the floating charge securing the 9½% bonds. Redeemable on April 15, 1978 on election by holder after April 14, 1977 and before October 15, 1977 and thereafter at the option of the company at a premium of 8½% to April 15, 1979 decreasing to par in 1984 subject to annual sinking fund requirements commencing April 15, 1979 which will require payments of $600,000 in 1979 and annually thereafter.	8,000
	$17,800

9. Bank indebtedness

Bank loans are secured by mortgages on certain lands, assignments of accounts and mortgages receivable and by pledged shares of certain subsidiaries.

10. Capital stock

a) During the year the following shares were issued:

	No. of shares	
On exercise of warrants	1,100	$11,000
On conversion of 7% debentures	25	500
On exercise of stock options	2,000	30,000
	3,125	$41,500

b) Unissued shares have been reserved for:

	No of shares
i) Conversion of 7% debentures	190,025
ii) Exercise of warrants issued with 9½% bonds (each warrant entitles the holder to purchase 1 common share for $10 cash on or before April 1, 1975)	178,840
iii) Stock options to officers and employees	150,000
	518,865

c) Stock options (exercisable cumulatively at the rate of 1/5 per year) are outstanding as follows:

Expiry date	Exercise price per share	No. of shares
1977	$15.00	20,000
1978	16,00	5,000
1978	16.65	5,000
1979	16.65	60,000*
1979	19.80	29,500*
		119,500

*Options granted during 1974

d) Dividend restrictions
The trust deeds securing the funded debt impose certain restrictions on payment of dividends to shareholders. The most restrictive of these is that no dividends may be paid while any of the 7% convertible debentures are outstanding.

11. Acquisitions

a) Effective January 31, 1974 the company acquired 54% of the shares of Red Wind Peat Corporation and also acquired $1,570,000 of its long-term debt at par. A further 4% of the shares were acquired in December. The total cash consideration for these acquisitions was $3,489,000 (see Note 12).

b) Effective May 31, 1974 the company acquired 64% of the issued common shares of Grouse Mountain Resorts Limited for cash of $4,769,000.

c) Assets acquired in a) and b) were as follows:

	Red Wing	Grouse	Total
	($000's)	($000's)	($000's)
Assets at book value	$9,126	$7,374	$16,500
Liabilities at book value	(5,658)	(1,247)	(6,905)
Increase of assets from book value to fair value	1,326	1,329	2,655
	4,794	7,456	12,250
Minority interest remaining	1,305	2,687	3,992
Net assets acquired (for cash)	$3,489	$4,769	$ 8,258

d) The operating assets of these companies are included in other income producing properties.

12. Commitments

a) Estimated costs to be incurred to complete income and residential property construction in progress at December 31, 1974 amounted to $27,000,000. Mortgage financing has been arranged to cover substantially all of these costs.

b) The company is committed to acquire on or before April 30, 1975 a further 31% of the common shares of Red Wing Peat Corporation and $428,750 of its long-term debt at a total cost of $1,440,000.

13. Contingent liabilities

The company is contingently liable for its associates' share of obligations in unincorporated joint ventures amounting to approximately $5,992,000. In each case the associates' share of the assets is available and is adequate to meet such obligations.

14. Statutory and other information

a) Remuneration paid during the year to senior officers of the company amounted to $453,000 (1973—$404,000). No directors' fees were paid by the company during the year or during 1973 .

b) Earnings per share have been calculated based on the average number of shares outstanding during the year. Diluted earnings per share have been calculated on the basis that all options, warrants and convertible privileges had been exercised at the beginning of the year (or when granted in the case of options granted during the year) and that funds made available were used to liquidate indebtedness carrying interest at 12%.

c) Amounts allocated to land held for development, land under development, residential properties under construction and construction in progress in respect of interest, taxes and administrative costs during the year were $12,046,000 (including interest of $9,294,000) (1973—$7,097,000 (including interest of $5,843,000)). Interest allocated to income property operating costs during the year was $4,669,000 (1973—$1,331,000).

d) Certain items have been reclassified in the 1973 comparative figures to conform to the 1974 presentation.

Auditors' Report

The Shareholders,
S. B. McLaughlin Associates Limited.

We have examined the consolidated balance sheet of S. B. McLaughlin Associates Limited and subsidiary companies as at December 31, 1974 and the statements of consolidated earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the change in accounting presentation for joint ventures, referred to in Note 4.

Mississauga, Ontario.
April 2, 1975.

Touche Ross & Co.
Chartered Accountants.

Operations Review

The McLaughlin operations are divided into three principal geographic areas: Western Region, Ontario Region and Quebec Region. A listing of property ownership and corporate interest in these properties, whether active or held for future development can be found below.
A description of current project activity by region and division is outlined on the following pages.

Development Diversification

	Approximate
Mississauga	3089 acres
Caledon	2931 acres
Etobicoke	12 acres
Halton Hills (Georgetown)	1047 acres
Markham	78 acres
Montreal (downtown)	4 acres
Oakville/Milton	381 acres
Quebec	2671 acres
Southfield, Michigan, U.S.A.	50 acres
Woodstock	109 acres

Joint Development Projects

"Aspen"—Mississauga	(50% interest)	100 acres ✓
Hills Community—Mississauga	(50% interest)	216 acres
Burlington	(50% interest)	48 acres
Chedoke Farm —Hamilton	(50% interest)	75 acres
Harris Place—Hamilton	(50% interest)	49 acres
Hull, Quebec	(50% interest)	1044 acres
Ottawa	(50% interest)	255 acres

Investment Diversification

Red Wing Peat Corporation (89% interest)
Operations in British Columbia, Manitoba, and New Brunswick

Grouse Mountain Resorts Limited (64% interest)
Vancouver, B. C.
Grouse Subsidiaries:
Canyon Aerial Tramways, (43% interest), Fraser Canyon, B. C.
Undersea Gardens, (50% interest), Victoria B. C.
Newport, Oregon, U.S.A.

Mississauga

"Aspen"

In March we received site plan approval to begin construction on Phase II—672 high-rise condominium units in our "Aspen" project in the Mississauga Valleys community. The 12 acre site will contain three-19 storey buildings and a high proportion of landscaped open-space. Construction of the $30 million project is scheduled to begin this summer.

The final 72 landscaped housing units in Phase I, have been offered for sale. Sales activity of high-rise units in the first phase is proceeding satisfactorily.

The "Meadows" Community

The processing of plans for the "Meadows" community is on schedule. Public meetings have been held on the zoning application of Phase I of the development representing approximately 100 acres of property. Overall, the project includes 236 acres of McLaughlin owned land and a potential 3100 housing units of a mixed variety. Servicing is scheduled for late fall 1975.

1) Land in the Company's Mississauga "Meadows" community is expected to begin development in 1975.

2) Phase I of "Aspen" nears completion.

3) Architect's conceptual drawing of Phase II of "Aspen"—672 condominium units.

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Mississauga City Centre

On January 31st, 1975, planning and architectural consultants representing our Company, presented to municipal officials, detailed development plans for our land holdings north of Highway #403 and the City Centre complex.

The City Centre area development proposal defined a phased program over a 25 year period, with an ultimate density of 18 million square feet of building space. Our lands in north central Mississauga involve 2213 acres, and it was proposed that this area be developed mainly for housing and industrial use. The presentation pointed out the exceptional merits in opening up the area for development including: high accessibility and centrality, existing and future transportation, and future benefits to the City and residents.

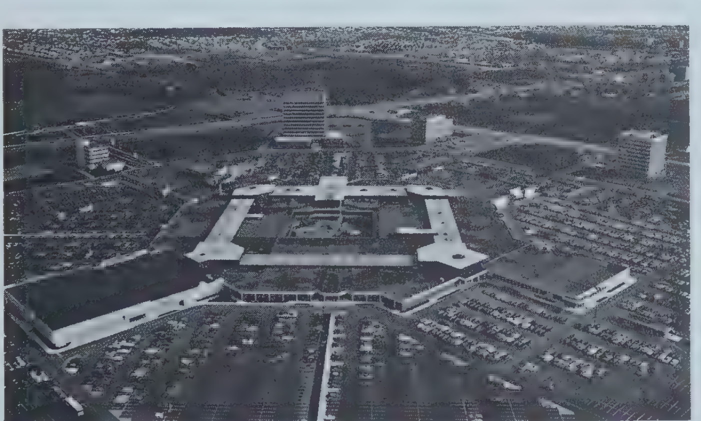
At the conclusion of the presentation, we requested an Official Plan Amendment for central Mississauga and a comprehensive zoning by-law for the City Centre site. In principle, the overall concepts outlined were well received by City officials.

A detailed presentation for the construction of a 246,000 sq. ft. triangular shaped office complex in City Centre has been submitted to municipal officials and a return report on the project is imminent.

1) The Company's Mississauga City Centre development including Square One and Mississauga Valleys project in the background.

2) Architectural rendering of the new 246,000 sq. ft. office building for City Centre which is scheduled for a Fall 1975 construction start.

3) Mississauga's downtown, circa 2000, as projected in this model prepared by the McLaughlin team of architectural consultants. Looking west from Hwy. #10 in the foreground. Burnhamthorpe Rd. is on the left.



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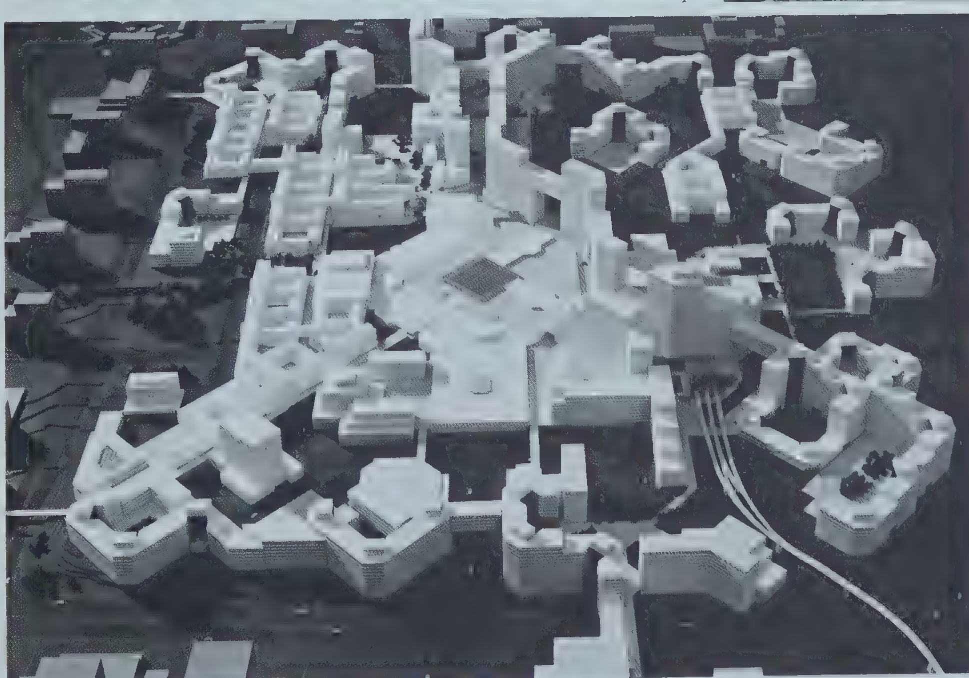

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New Communities

Caledon Mountain Recreational Properties

A comprehensive study outlining plans for the entire acreage of this integrated estate residential/recreational development, including a potential 670 lots, and to be phased over an eight year period, were presented to governmental authorities in November, 1974. We are awaiting response in the form of a consultants report from the Municipality before proceeding with our plans to seek further approvals. 30 of the original 32 lots in Phase I of the development have now been sold and 14 new homes are either completed, or in the final stages of construction by the owners.

Etobicoke—Beauport Inn

Detailed plans for the 1200 room hotel complex were presented to Etobicoke Council during 1974. A decision by the Borough could not be established and we have obtained an Ontario Municipal Board hearing date to apply for rezoning of the property.

Etobicoke—Lakeshore Motel Strip

We have obtained options to purchase a major portion of this area which encompasses approximately 40 acres of lakefront property adjacent to the Humber River in Etobicoke. Our plans call for a 3200 unit mixed residential development including self-supporting commercial and school facilities. An Ontario Municipal Board hearing to determine use of the property is scheduled for June 1975.

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Halton Hills/Georgetown

The primary plan for this project is for residential development with supporting commercial facilities. We are currently preparing an application for official zoning and hope to receive registration of these lands.

Hamilton—Chedoke Farm

The sale of individual units in this joint development project between ourselves and Taro Properties Inc. has proceeded extremely well and Phases I and II, for the most part, are sold out. Phase III, a 100 unit townhouse block, has been registered. Registration of the final two phases, incorporating 56 units, is expected in separate stages before the end of the year.

Hamilton—Harris Place

The project has progressed to final registration. Offers are being considered which, if accepted, will effect the sale of all blocks and lots in the plans.

Port Credit Harbour

During the latter part of 1974, we acquired full control of this project. Our plans call for a consolidation of efforts in order to establish efficient operation of the marina facility. We are preparing comprehensive plans for the ultimate development which will include retail, recreational, restaurants and a variety of other uses. At present some 400 boat slips are occupied with a waiting list remaining for further mooring facilities.

1) A striking design of modern, yet rustic architecture chosen by one owner of a Caledon Mountain Estate property.

2) The Company's Port Credit marina project prepares for a busy upcoming boating season.

3) One of the popular single family designs in our Chedoke Farm project.

4) Chalet style summer homes on our Chinguacousy Country Club property in Caledon, Ontario.

5) Architect's model of the residential development proposed for Etobicoke's motel strip area.

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Ottawa/Hull

We have made a significant entrance into the Ottawa/Hull market through a 50% equity interest in Gatineau-Westgate (1974) Inc.

At present two projects are underway in the Hull area. The first phase of our Carriage Homes development, representing 214 townhouse units is 80% sold. Overall, the project will be developed as an integrated neighbourhood community.

"Le Carrefour" is a 250 acre development involving initially, the construction of single family homes. Sales on the first phase are just underway. The project will also include commercial and shopping facilities.

The Company has presented plans on a 255 acre site in the Barr Haven area of Ottawa and we expect to receive draft plan approvals this spring. It is anticipated that construction could begin by year end and will include a variety of housing types.

At present, we are involved in a substantial land acquisition program in the area with the view of providing a variety of future real estate activities for the operation.

Shopping Centres Operations

Merchants in our Square One Shopping Centre have generated sales volumes well beyond original expectations in the first full year of operation. Car count estimates for the year were in the 2½ million range while an estimated eight million people visited the centre's 160 stores and services. During the first six months of year two, sales volumes have increased by 29%. A well established tenant mix combined with a wide variety of promotional activities is improving Square One's popularity as a major regional centre. Five of the six bus routes in the area now directly converge on the complex making access easy for everyone.

1) Single family homes in our "le Carrefour" development in Hull, Quebec.

2) Our Carriage Homes project, also in Hull is 80% sold.

3) Shoppers stroll down one of the lively, spacious malls in the Square One Shopping Centre.

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Construction Division

Construction on our 352 unit condominium apartment complex in the Mississauga Valleys called "Parkway Terrace" is nearing completion and the marketing program will begin this summer.

Future plans this year call for the construction of a 90 unit townhouse block in the Valleys. Currently, we are applying for site plan approval on this project and expect construction to commence by late fall, 1975.

Quebec

After lengthy delays and interruptions due to labour strikes, construction has resumed on our Holiday Inn complex in downtown Montreal. The above grade superstructure is expected to begin next month.

The Company also owns four major sites totalling approximately 3 acres of prime downtown property adjacent to the Holiday Inn location. As well, we are continuing with our major land acquisition program throughout the Province in anticipation of future growth potential. Conceptual planning is in process to include an integration of residential, commercial, industrial, and recreational oriented developments on our Quebec properties.

1) Individual sales on our 352 unit condominium apartment complex, Parkway Terrace, will begin this summer.

2) Construction is proceeding on schedule on the Holiday Inn project in downtown Montreal.

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Red Wing Peat

Our interest in Red Wing Peat Corporation continues to be a sound business investment for the Company with peat moss operations performing as projected. During April, 1975, a further 31% of the equity in this Company was acquired, and additionally, an offer has been made to acquire the remaining minority interests. Management had established a 20% target increase in earnings last year and early indications are that we are well on our way to achieving this objective. We have realigned the management structure and will continue to add new depth in these vital areas as we see the need. We are also continuing our policy to improve methods of extracting, mining and processing the product, therefore increasing productivity. To this end, we have committed a major capital expenditure and expansion program this year which will employ more modern techniques to our operations, particularly in the British Columbia area. There remains a tremendous demand for Red Wing products and we feel that these new manufacturing measures will significantly improve our already dominant position in the marketplace.

Grouse Mountain Resorts

Despite severe operating constraints, Grouse Mountain experienced record attendance and record revenues this past season, which reflects the excellent abilities of the management group and overall organization.

Due to time lags in obtaining approvals, inflation and partial opposition, we have had to reject the original real estate plan for the mountain. However, we now have an alternative development proposal under consideration by the Council of the District of North Vancouver, which if accepted, will go a long way towards providing the Company with a more solid, stable, and diversified economic base.

1) Grouse Mountain's "Skyride" a spectacular 3700 foot journey high above the breathtaking City of Vancouver.

2) Vacuum harvesters at work on the Company's peat moss bog in southern Manitoba.

3) A record year for winter traffic was realized by Grouse during the 1974/75 ski season.

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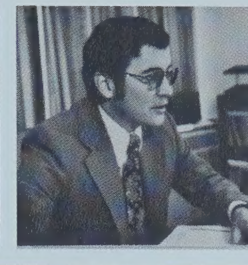
S.B. McLaughlin Associates Limited

Corporate Finance and Administration
(Left to right)

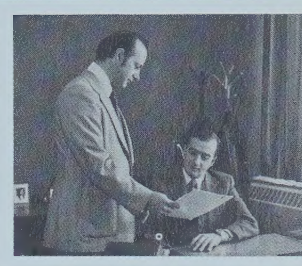
J. C. Charles—Comptroller, Financial
J. Cottom—Treasurer
G. Davies—Comptroller, Operations
R. C. Duquette—Communications Officer
F. H. Falkiner—Vice President and Assistant Secretary
D. R. Fraser—Secretary

E. A. Kirk—Vice President, Finance
F. W. MacDonald—General Counsel
R. C. MacGillivray—Corporate Co-ordinator
S. B. McLaughlin—President
R. W. Porter—Chief Accountant
K. R. Ryan—Manager, Office Services







OPERATIONS

Ontario Region

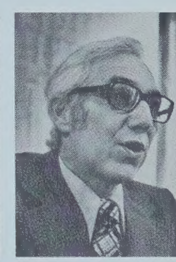
P. R. Gareau—Vice President
D. J. Apperley—Manager, Shopping Centres Operations
M. J. Barrick—Manager, Construction Division
E. Bodnar—General Manager, New Communities
W. A. Bodrug—General Manager, Mississauga Developments

C. W. Lewis—Manager, Recreational Properties Division
D. G. McAlpine—Property Management
H. Ridgley—Property Management
D. O. Taras—Land Division
P. J. Volpe—Manager, City Centre Development







Quebec Region

D. Pemberton-Smith—President, S. B. McLaughlin Associates (Quebec) Ltd.
J. Y. Hebert—President, S. B. McLaughlin Construction Ltd.


Western Region (Subsidiary Operations)

J. W. Dunfield—President, Red Wing Peat Corp.
J. E. Hoegg—President, Grouse Mountain Resorts Ltd.


U.S. Operations

B. L. Turner—Vice President, S. B. McLaughlin Associates Inc.

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Mississauga, Ontario
L5B 1M6
Telephone (416) 270-7000

S.B. McLaughlin Associates Limited

For Immediate Release
August 28th, 1974

For Information Contact:
R. C. Duquette (270-7000)

NEWS RELEASE

The half-yearly results for 1974 for S. B. McLaughlin Associates Limited, Mississauga, Ontario show gross revenue of $20, 923, 000 as compared to $5, 916, 000 for the same period in 1973.

increase on Square

Net earnings to date are $1, 296, 000 or 45¢ per share for the first six months this year compared to $31, 000 or 1¢ per share in 1973.

S. B. McLaughlin, President, announced that the Company's income producing properties, notably the Square One Shopping Centre in Mississauga have commenced to produce good yields while the residential construction division and several residential joint ventures will produce significant earnings in 1974.

He added that the Company has been expanding into new projects and in new areas to achieve geographical diversification. "Presently, it is the policy of management to make sufficient sales to insure a satisfactory level of profits and cash flow for the Company."

He concluded however, "There are serious uncertainties in the marketplace. Unproductive administration of planning procedures, particularly at the municipal level continue to disrupt the development industry" he claimed. "Simultaneously, high money costs are causing a slow down in residential construction."